



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Lawrence County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Lawrence County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the year ended December 31, 2015, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, Certified Public Accountants, is attached.

Nicole R. Galloway, CPA
State Auditor

August 2016
Report No. 2016-068

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
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FINANCIAL SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Lawrence, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Lawrence ("County"), Missouri, which comprise cash and unencumbered cash for each fund as of December 31, 2015, and the related statements of cash receipts and disbursements and disbursements-budget and actual for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County as of December 31, 2015, or changes in financial position or cash flows thereof for the year 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 and unencumbered cash of each fund of the County as of December 31, 2015, and their respective cash receipts and disbursements, and budgetary results for the year then ended in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note I.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Lawrence’s basic financial statements. The Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2016, on our consideration of the County of Lawrence'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 County of Lawrence's internal control over financial reporting and compliance.

Daniel Jones & Associates

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

July 28, 2016

FINANCIAL STATEMENTS

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

FUND	CASH BALANCES JANUARY 1, 2015	RECEIPTS 2015	DISBURSEMENTS 2015	CASH BALANCES DECEMBER 31, 2015
General Revenue Fund	\$ 797,272.46	\$ 4,548,619.02	\$ 4,517,517.99	\$ 828,373.49
Special Road and Bridge Fund	526,089.88	3,281,947.38	3,277,324.54	530,712.72
Assessment Fund	797,542.96	408,473.76	344,891.22	861,125.50
Judicial Sales Tax Fund	1,644,739.82	1,173,272.21	1,227,409.88	1,590,602.15
Capital Improvements Fund	399,101.63	211,559.84	199,001.63	411,659.84
Common I Fund	251,273.88	454,754.46	446,799.06	259,229.28
Common II Fund	126,486.58	294,765.04	335,373.76	85,877.86
P.A. Admin Handling Cost Fund	26,510.63	14,958.18	19,644.52	21,824.29
Sheriff Special Fund	174,060.02	90,325.29	88,999.71	175,385.60
Law Enforcement Restitution Fund	52,297.67	23,223.27	45,024.35	30,496.59
P.A. Training Fund	697.41	886.81	1,037.04	547.18
Law Enforcement Training Fund	4,578.05	4,939.05	3,839.47	5,677.63
911 Emergency Fund	18,178.54	252,905.45	245,146.41	25,937.58
Inmate Security Fund	12,990.29	10,317.70	14,575.31	8,732.68
Election Services Fund	30,127.43	10,336.72	12,552.89	27,911.26
Collector's Tax Maintenance Fund	22,838.88	50,869.24	41,783.74	31,924.38
Recorder User Fee Fund	119,520.15	27,599.46	36,230.19	110,889.42
Sheriff's Revolving Fund	62,562.81	53,252.72	23,189.43	92,626.10
L.E.P.C. Fund	13,033.90	4,796.65	887.13	16,943.42
Domestic Violence Fund	967.00	7,983.00	8,200.00	750.00
Domestic Cannabis Eradication Fund	3,725.78	91,650.00	90,821.25	4,554.53
Senior Services Board Fund	57,174.19	214,843.30	179,454.50	92,562.99
Developmentally Disabled Board Fund	245,392.79	825,645.76	721,246.81	349,791.74
TOTAL	\$ 5,387,162.75	\$ 12,057,924.31	\$ 11,880,950.83	\$ 5,564,136.23

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

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
(the Primary Government)
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	GENERAL REVENUE FUND	
	2015	
	BUDGET	ACTUAL
RECEIPTS		
Property Taxes	\$ 667,100.00	\$ 598,998.74
Sales Taxes	1,765,000.00	1,879,063.73
Intergovernmental	1,123,858.00	1,144,035.62
Charges for Services	766,798.00	747,653.61
Interest	15,200.00	17,411.21
Other	118,274.23	128,630.67
Transfers In	45,700.00	32,825.44
TOTAL RECEIPTS	4,501,930.23	4,548,619.02
DISBURSEMENTS		
County Commission	320,623.00	313,590.78
County Clerk	103,352.00	99,930.85
Elections	111,885.00	70,765.80
Buildings and Grounds	95,218.00	86,925.47
Employee Fringe Benefits	604,300.00	575,715.44
County Treasurer	51,630.00	50,088.42
Collector	93,647.00	88,858.78
Recorder of Deeds	96,820.00	88,559.60
Circuit Clerk	47,568.00	45,600.78
Court Administration	34,471.00	27,653.59
Public Administrator	73,020.00	71,146.15
Sheriff	772,967.00	775,733.96
Jail	629,842.90	706,033.01
Prosecuting Attorney	342,597.00	342,794.78
Juvenile Officer	130,529.00	113,731.15
Coroner	37,895.00	31,503.60
Child Support Enforcement Unit	219,208.00	201,973.89
Other General County Govt	201,094.00	213,313.43
Public Health and Welfare Services	501,166.00	466,098.51
Transfers Out	187,500.00	147,500.00
TOTAL DISBURSEMENTS	4,655,332.90	4,517,517.99
RECEIPTS OVER (UNDER)		
DISBURSEMENTS	(153,402.67)	31,101.03
CASH, JANUARY 1	797,272.46	797,272.46
CASH, DECEMBER 31	\$ 643,869.79	\$ 828,373.49

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

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	SPECIAL ROAD		ASSESSMENT FUND	
	AND BRIDGE FUND			
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 53,555.00	\$ 68,499.25	\$ -	\$ -
Sales Taxes	1,500,000.00	1,552,345.25	-	-
Intergovernmental	1,444,585.00	1,427,469.68	316,500.00	386,355.98
Charges for Services	-	-	18,000.00	17,063.20
Interest	-	241.15	4,050.00	5,054.58
Other	210,000.00	233,392.05	-	-
Transfers In	-	-	-	-
TOTAL RECEIPTS	3,208,140.00	3,281,947.38	338,550.00	408,473.76
DISBURSEMENTS				
Supplies	3,500.00	8,401.12	114,320.00	73,158.26
Road and Bridge Construction	2,428,181.49	2,376,513.24	-	-
Salaries	1,000.00	971.25	230,470.00	215,430.00
Benefits	178.00	165.61	58,540.00	51,027.15
Other Expenses	240,000.00	238,766.50	8,200.00	5,275.81
Transfers Out	655,253.51	652,506.82	-	-
TOTAL DISBURSEMENTS	3,328,113.00	3,277,324.54	411,530.00	344,891.22
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(119,973.00)	4,622.84	(72,980.00)	63,582.54
CASH, JANUARY 1	526,089.88	526,089.88	797,542.96	797,542.96
CASH, DECEMBER 31	\$ 406,116.88	\$ 530,712.72	\$ 724,562.96	\$ 861,125.50

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

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	JUDICIAL SALES TAX FUND		CAPITAL IMPROVEMENTS FUND	
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Sales Taxes	\$ 1,160,000.00	\$ 1,166,046.59	\$ -	\$ -
Intergovernmental	-	-	284,000.00	111,559.84
Interest	5,000.00	7,225.62	-	-
Transfers In	-	-	100,000.00	100,000.00
TOTAL RECEIPTS	1,165,000.00	1,173,272.21	384,000.00	211,559.84
DISBURSEMENTS				
Salaries	143,866.00	126,845.21	-	-
Benefits	37,700.00	39,414.95	-	-
Capital Improvements	-	-	426,400.00	199,001.63
Supplies and Services	15,000.00	19,105.32	-	-
Office	2,800.00	2,536.22	-	-
Other	66,056.00	62,194.43	-	-
Principal and Interest	980,000.00	977,313.75	-	-
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	1,245,422.00	1,227,409.88	426,400.00	199,001.63
RECEIPTS OVER (UNDER) DISBURSEMENTS	(80,422.00)	(54,137.67)	(42,400.00)	12,558.21
CASH, JANUARY 1	1,644,739.82	1,644,739.82	399,101.63	399,101.63
CASH, DECEMBER 31	\$ 1,564,317.82	\$ 1,590,602.15	\$ 356,701.63	\$ 411,659.84

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

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	COMMON I FUND		COMMON II FUND	
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 67,357.00	\$ 72,060.46	\$ 24,812.00	\$ 25,094.32
Intergovernmental	19,000.00	20,554.89	6,300.00	6,779.27
Interest	-	-	-	-
Other	-	2,523.74	3,000.00	-
Transfers In	346,097.38	359,615.37	253,009.30	262,891.45
TOTAL RECEIPTS	432,454.38	454,754.46	287,121.30	294,765.04
DISBURSEMENTS				
Salaries	88,000.00	74,674.30	56,000.00	59,010.76
Employee Fringe Benefits	15,625.00	18,079.47	15,200.00	16,606.46
Materials and Supplies	469,800.00	354,045.29	268,100.00	259,756.54
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	573,425.00	446,799.06	339,300.00	335,373.76
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(140,970.62)	7,955.40	(52,178.70)	(40,608.72)
CASH, JANUARY 1	251,273.88	251,273.88	126,486.58	126,486.58
CASH, DECEMBER 31	\$ 110,303.26	\$ 259,229.28	\$ 74,307.88	\$ 85,877.86

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

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	P.A. ADMIN HANDLING			
	COST FUND		SHERIFF SPECIAL FUND	
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 50,000.00	\$ 35,089.26
Charges for Services	19,000.00	13,901.77	-	-
Interest	250.00	154.74	-	942.80
Other	-	901.67	10,000.00	16,346.45
Transfers In	-	-	37,946.78	37,946.78
TOTAL RECEIPTS	19,250.00	14,958.18	97,946.78	90,325.29
DISBURSEMENTS				
Materials and Supplies	38,000.00	19,644.52	175,000.00	36,949.81
Services and Other	-	-	10,000.00	52,049.90
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	38,000.00	19,644.52	185,000.00	88,999.71
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(18,750.00)	(4,686.34)	(87,053.22)	1,325.58
CASH, JANUARY 1	26,510.63	26,510.63	174,060.02	174,060.02
CASH, DECEMBER 31	\$ 7,760.63	\$ 21,824.29	\$ 87,006.80	\$ 175,385.60

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

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	LAW ENFORCEMENT		P.A. TRAINING FUND	
	RESTITUTION FUND			
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Charges for Services	\$ 22,000.00	\$ 23,223.27	\$ 900.00	\$ 886.81
Transfers In	-	-	-	-
TOTAL RECEIPTS	22,000.00	23,223.27	900.00	886.81
DISBURSEMENTS				
Postage Machine	2,800.00	3,257.62	-	-
Tuition and Training	-	1,695.61	1,595.00	1,037.04
Technology	69,000.00	19,309.88	-	-
Supplies	-	6,885.34		
Other	-	12,850.46		
Transfers Out	2,000.00	1,025.44	-	-
TOTAL DISBURSEMENTS	73,800.00	45,024.35	1,595.00	1,037.04
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(51,800.00)	(21,801.08)	(695.00)	(150.23)
CASH, JANUARY 1	52,297.67	52,297.67	697.41	697.41
CASH, DECEMBER 31	\$ 497.67	\$ 30,496.59	\$ 2.41	\$ 547.18

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

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	LAW ENFORCEMENT			
	TRAINING FUND		911 EMERGENCY FUND	
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 16,331.00	\$ 4,082.75
Charges for Services	4,000.00	3,455.50	195,000.00	208,790.33
Interest	-	-	-	-
Other	2,000.00	1,483.55	60.00	32.37
Transfers In	-	-	80,000.00	40,000.00
TOTAL RECEIPTS	6,000.00	4,939.05	291,391.00	252,905.45
DISBURSEMENTS				
Salaries	-	-	103,695.40	103,695.40
Employee Fringe Benefits	-	-	42,000.00	22,816.33
Materials and Supplies	-	-	50,500.00	26,817.02
Services and Other	-	-	95,600.00	91,717.92
Training	10,500.00	3,839.47	1,500.00	99.74
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	10,500.00	3,839.47	293,295.40	245,146.41
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(4,500.00)	1,099.58	(1,904.40)	7,759.04
CASH, JANUARY 1	4,578.05	4,578.05	18,178.54	18,178.54
CASH, DECEMBER 31	\$ 78.05	\$ 5,677.63	\$ 16,274.14	\$ 25,937.58

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

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	INMATE SECURITY FUND		ELECTION SERVICES FUND	
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Intergovernmental	\$ 2,000.00	\$ 3,655.00	\$ 2,000.00	\$ 2,912.00
Charges for Services	4,000.00	6,662.70	11,000.00	7,242.27
Interest	-	-	200.00	171.29
Other	-	-	-	11.16
Transfers In	-	-	-	-
TOTAL RECEIPTS	6,000.00	10,317.70	13,200.00	10,336.72
DISBURSEMENTS				
Materials and Supplies	-	-	18,000.00	6,331.85
Mileage and Training	-	-	8,000.00	1,380.69
Inmate Security Expenses	17,000.00	14,575.31	-	-
Other	-	-	10,000.00	4,840.35
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	17,000.00	14,575.31	36,000.00	12,552.89
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(11,000.00)	(4,257.61)	(22,800.00)	(2,216.17)
CASH, JANUARY 1	12,990.29	12,990.29	30,127.43	30,127.43
CASH, DECEMBER 31	\$ 1,990.29	\$ 8,732.68	\$ 7,327.43	\$ 27,911.26

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

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	COLLECTOR'S TAX MAINTENANCE FUND		RECORDER USER FEE FUND	
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Charges for Services	\$ 50,000.00	\$ 50,869.24	\$ 25,000.00	\$ 19,431.75
Interest	-	-	500.00	667.71
Other	-	-	-	-
Transfers In	-	-	7,500.00	7,500.00
TOTAL RECEIPTS	50,000.00	50,869.24	33,000.00	27,599.46
DISBURSEMENTS				
Office Expenses	35,000.00	18,970.34	28,500.00	15,712.66
Equipment	26,000.00	21,241.86	20,000.00	17,850.77
Mileage and Training	3,000.00	1,406.54	1,700.00	1,116.76
Other	-	165.00	22,500.00	1,550.00
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	64,000.00	41,783.74	72,700.00	36,230.19
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(14,000.00)	9,085.50	(39,700.00)	(8,630.73)
CASH, JANUARY 1	22,838.88	22,838.88	119,520.15	119,520.15
CASH, DECEMBER 31	\$ 8,838.88	\$ 31,924.38	\$ 79,820.15	\$ 110,889.42

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

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	SHERIFF'S REVOLVING FUND		L.E.P.C. FUND	
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 4,500.00	\$ 4,796.65
Charges for Services	60,000.00	52,788.19	-	-
Interest	-	464.53	-	-
Other	-	-	-	-
Transfers In	-	-	-	-
TOTAL RECEIPTS	60,000.00	53,252.72	4,500.00	4,796.65
DISBURSEMENTS				
Salaries	-	2,103.88	-	-
Fringe Benefits	-	243.68	-	-
Mileage and Training	-	-	3,500.00	-
CCW Expenses	60,000.00	11,155.02	-	-
L.E.P.C. Expenses	5,000.00	9,686.85	4,025.00	887.13
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	65,000.00	23,189.43	7,525.00	887.13
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,000.00)	30,063.29	(3,025.00)	3,909.52
CASH, JANUARY 1	62,562.81	62,562.81	13,033.90	13,033.90
CASH, DECEMBER 31	\$ 57,562.81	\$ 92,626.10	\$ 10,008.90	\$ 16,943.42

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

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	DOMESTIC VIOLENCE FUND		DOMESTIC CANNIBIS ERADICATION FUND	
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 90,000.00	\$ 90,000.00
Charges for Services	7,300.00	7,983.00	-	-
Interest	-	-	-	-
Other	-	-	1,650.00	1,650.00
Transfers In	-	-	-	-
TOTAL RECEIPTS	7,300.00	7,983.00	91,650.00	91,650.00
DISBURSEMENTS				
Grant Expenses	-	-	54,129.00	49,511.48
Other Expenses	-	-	1,500.00	1,562.99
Lafayette House	8,200.00	8,200.00	-	-
Transfers Out	-	-	39,746.78	39,746.78
TOTAL DISBURSEMENTS	8,200.00	8,200.00	95,375.78	90,821.25
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(900.00)	(217.00)	(3,725.78)	828.75
CASH, JANUARY 1	967.00	967.00	3,725.78	3,725.78
CASH, DECEMBER 31	\$ 67.00	\$ 750.00	\$ -	\$ 4,554.53

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

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
YEAR ENDED DECEMBER 31, 2015

	SENIOR SERVICES		DEVELOPMENTALLY	
	BOARD FUND		DISABLED BOARD FUND	
	2015		2015	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 207,950.00	\$ 214,500.00	\$ 386,500.00	\$ 399,030.87
Intergovernmental	-	290.67	500.00	1,366.30
Interest	50.00	52.63	1,000.00	575.43
Medicaid	-	-	350,000.00	410,897.52
Other	-	-	13,400.00	13,775.64
Transfers In	-	-	-	-
TOTAL RECEIPTS	208,000.00	214,843.30	751,400.00	825,645.76
DISBURSEMENTS				
Senior Services	253,312.00	179,454.50	-	-
Grants	-	-	374,500.00	236,826.27
Office	-	-	166,700.00	143,729.65
Case Management Services	-	-	400,000.00	340,690.89
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	253,312.00	179,454.50	941,200.00	721,246.81
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(45,312.00)	35,388.80	(189,800.00)	104,398.95
CASH, JANUARY 1	57,174.19	57,174.19	245,392.79	245,392.79
CASH, DECEMBER 31	\$ 11,862.19	\$ 92,562.99	\$ 55,592.79	\$ 349,791.74

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

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2015

	Collector Funds	Prosecuting Attorney	Recorder Funds	Sheriff Funds	Clerk Funds
ASSETS					
Cash and Cash Equivalents	\$ 9,872,005.64	\$ 135.00	\$ 20,583.95	\$ 1,366.00	\$ 3,385.13
Investments	-	-	-	-	-
Total Assets	9,872,005.64	135.00	20,583.95	1,366.00	3,385.13
LIABILITIES AND FUND BALANCES					
TOTAL LIABILITIES	9,872,005.64	135.00	20,583.95	1,366.00	3,385.13
UNRESERVED FUND BALANCES	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,872,005.64</u>	<u>\$ 135.00</u>	<u>\$ 20,583.95</u>	<u>\$ 1,366.00</u>	<u>\$ 3,385.13</u>
	Cemetery Funds	School Fines	Other Tax Entities	Schools	Special Road and Bridge
ASSETS					
Cash and Cash Equivalents	\$ 5,379.07	\$ 8,714.90	\$ 13,702.23	\$ 61,350.23	\$ 3,759.35
Investments	3,500.00	-	-	-	-
Total Assets	8,879.07	8,714.90	13,702.23	61,350.23	3,759.35
LIABILITIES AND FUND BALANCES					
TOTAL LIABILITIES	8,879.07	8,714.90	13,702.23	61,350.23	3,759.35
UNRESERVED FUND BALANCES	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,879.07</u>	<u>\$ 8,714.90</u>	<u>\$ 13,702.23</u>	<u>\$ 61,350.23</u>	<u>\$ 3,759.35</u>
	Tax Sales Surplus	Unclaimed Fees	Total Agency Funds		
ASSETS					
Cash and Cash Equivalents	\$ 43,452.57	\$ 369.77	\$ 10,034,203.84		
Investments	-	-	3,500.00		
Total Assets	43,452.57	369.77	10,037,703.84		
LIABILITIES AND FUND BALANCES					
TOTAL LIABILITIES	43,452.57	369.77	10,037,703.84		
UNRESERVED FUND BALANCES	-	-	-		
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 43,452.57</u>	<u>\$ 369.77</u>	<u>\$ 10,037,703.84</u>		

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

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Lawrence, Missouri ("County"), which is governed by a three-member board of commissioners, was established in 1845 by an Act of the Missouri Territory. In addition to the three Commissioners, there are ten elected Constitutional Officers: Assessor, County Clerk, Collector of Revenue, Coroner, Circuit Clerk, Recorder of Deeds, Prosecuting Attorney, Public Administrator, Sheriff, and Treasurer.

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

A. Reporting Entity

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

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

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

B. Basis of Presentation

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

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

Governmental Fund Types

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

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Fiduciary Fund Types

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

C. Basis of Accounting

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

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

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

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

D. Budget and Budgetary Accounting

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

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

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting (concluded)

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

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

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

E. Property Taxes

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

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property Taxes (concluded)

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2015, for purposes of taxation, was:

	<u>2015</u>
Real Estate	\$ 289,836,360
Personal Property	98,226,416
Railroad and Utilities	<u>51,664,323</u>
	<u>\$ 439,727,099</u>

During 2015, the County Commission approved a \$0.7376 tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year, for purpose of County taxation, as follows:

	<u>2015</u>
General Revenue Fund	\$ 0.1206
Special Road and Bridge Fund	0.0705
Common I Fund	0.1996
Common II Fund	0.2080
Senior Services Board Fund	0.0493
Developmentally Disabled Fund	<u>0.0896</u>
	<u>\$ 0.7376</u>

F. Cash Deposits and Investments

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

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

G. Interfund Transactions

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

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

II. DEPOSITS AND INVESTMENTS

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

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2015, the carrying amount of the County's deposits was \$5,564,136.23 and the bank balance was \$15,865,125.12. The total bank balance as of December 31, 2015, was insured through the Federal Deposit Insurance Corporation and securities set by the County's financial institutions.

SUMMARY OF CARRYING VALUES

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2015, as follows:

Statements of Receipts, Disbursements and Changes in Cash–
Governmental Funds:

Deposits	\$ 5,564,136.23
Total Governmental Funds	<u>5,564,136.23</u>

Statement of Assets and Liabilities Arising From Cash

Transactions – Agency Funds:

Deposits	10,034,203.84
Investments	<u>3,500.00</u>
Total Deposits as of December 31, 2015	<u>\$ 10,037,703.84</u>

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

II. DEPOSITS AND INVESTMENTS (concluded)

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy does not include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the year ended December 31, 2015.

Custodial Credit Risk – Investments

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

Investment Interest Rate Risk

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

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County's deposits were not exposed to concentration of investment credit risk for the year ended December 31, 2015.

III. LONG-TERM DEBT

On March 11, 2010, the County issued Certificates of Participation (COPs) in the amount of \$4,945,000. The maturity of the COPs is April 1, 2016, with a varying interest rate between 1.00% and 3.00%. United Missouri Bank (UMB) is the holder of these COPs. The issuance was for the purpose of refunding the 2007 Certificates of Participation's outstanding balance. The 2007 debt was for the purpose of funding the construction of the County court building.

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

III. LONG-TERM DEBT (concluded)

As of December 31, 2015, the Certificates of Participation were paid off.

Description	Balance 12/31/2014	Additions	Payments	Balance 12/31/2015	Interest Paid
Series 2010 COPs	\$ 965,000.00	\$ -	\$ 965,000.00	\$ -	\$ 13,027.50
TOTAL	\$ 965,000.00	\$ -	\$ 965,000.00	\$ -	\$ 13,027.50

IV. CAPITAL LEASES

On January 1, 2014, the County entered into a lease purchase agreement to finance the purchase of a back hoe at a total cost of \$38,801. The agreement requires annual payments of \$10,501 through 2018. The payment includes interest at 3.25%.

On August 20, 2015, the County entered into a lease purchase agreement to finance the purchase of a tractor at a total cost of \$100,770. The agreement requires annual payments of \$21,750 through 2019. The payment includes interest at 3.1%.

Description	12/31/2014	Additions	Payments	12/31/2015	Paid
2014 Backhoe Lease	\$ 38,801.00	\$ -	\$ 9,239.96	\$ 29,561.04	\$ 1,261.04
6115D Utility Tractor	-	100,770.00	20,000.00	80,770.00	-
TOTAL	\$ 38,801.00	\$ 100,770.00	\$ 29,239.96	\$ 110,331.04	\$ 1,261.04

Year Ending December 31,	Interest	Principal	Total
2016	\$ 3,417.44	\$ 28,834.26	\$ 32,251.70
2017	2,520.53	29,731.17	32,251.70
2018	1,595.40	30,656.00	32,251.40
2019	641.09	21,109.61	21,750.70
	\$ 8,174.46	\$ 110,331.04	\$ 118,505.50

V. OPERATING LEASES

On October 1, 2012, the County entered into a lease of office space for the Public Defender. The lease is shared between Lawrence, Barry and Stone counties. The agreement has been renewed on an annual basis since September 2013, with monthly payments by Lawrence County of \$430.

The County entered into a lease of office space for the Prosecuting Attorney's child support division. Monthly payments are to be made in the amount of \$400. The agreement has been renewed on an annual basis since August 1, 1999.

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

V. OPERATING LEASES (concluded)

The County entered into a lease of office space for the Women, Infant and Children administration. The County is to make monthly payments of \$200. The lease is renewed annually and will expire on November 30, 2016.

The future payments for operating leases entered into by the County for the year ended December 31, 2015, are as follows:

Year Ending December 31,	WIC	CSEU	Public Defender	Total
2016	Office Rent	Office Rent	Office Rent	
	<u>\$ 2,200.00</u>	<u>\$ 2,800.00</u>	<u>\$ 3,440.00</u>	<u>\$ 8,440.00</u>
	<u>\$ 2,200.00</u>	<u>\$ 2,800.00</u>	<u>\$ 3,440.00</u>	<u>\$ 8,440.00</u>

VI. INTERFUND TRANSFERS

Transfers between funds for the year ended December 31, 2015, are as follows:

	2015	
	TRANSFERS IN	TRANSFERS OUT
General Revenue Fund	\$ 32,825.44	\$ 147,500.00
Special Road and Bridge Fund	-	652,506.82
Capital Improvements Fund	100,000.00	-
Common I Fund	359,615.37	-
Common II Fund	262,891.45	-
Sheriff Special Fund	37,946.78	-
Law Enforcement Restitution Fund	-	1,025.44
911 Emergency Fund	40,000.00	-
Recorder User Fee Fund	7,500.00	-
Domestic Cannabis Eradication Fund	-	39,746.78
TOTAL	<u>\$ 840,779.04</u>	<u>\$ 840,779.04</u>

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

VI. INTERFUND TRANSFERS (concluded)

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

VII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)

Plan Description

The Lawrence County's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Lawrence County participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS 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 is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided

LAGERS provides retirement, death and disability benefits to employees of participating political subdivisions. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program then in effect for their political subdivision. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance. The LAGERS Board of Trustees establishes the benefit plans and provisions that are available for adoption. The political subdivision's governing body adopts all benefits of the plan.

2015 Valuation

Benefit Multiplier:	1.50%
Final Average Salary:	3 years
Member Contributions:	4%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

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

Employees Covered By Benefit Terms

At June 30, 2015, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>
Inactive employees or beneficiaries currently receiving benefits	37	17
Inactive employees entitled to but not yet receiving benefits	11	12
Active employees	<u>55</u>	<u>26</u>
	<u>103</u>	<u>55</u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rate is 5.2% (General) and 1.5% (Police) of annual covered payroll.

Net Pension Liability

The employer's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2015.

Actuarial Assumptions

The total pension liability in the February 28, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary Increase	3.5% to 6.8% including inflation
Investment rate of return	7.25%

Mortality rates were based on the 1994 Group Annuity Mortality Table set back 3 years for both males and females.

The actuarial assumptions used in the February 28, 2015, valuation were based on the results of an actuarial experience study for the period March 1, 2005, through February 28, 2010.

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

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

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.50%	5.50%
Fixed Income	25.00%	2.25%
Real Assets	20.00%	4.50%
Strategic Assets	6.50%	7.50%

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

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

Changes in the Net Pension Liability at June 30, 2015

Schedule of Changes in Net Pension Liability and Related Ratios

	General Division	Police Division
A. Total Pension Liability		
1 Service Cost	\$ 160,528	\$ 82,371
2 Interest on Total Pension Liability	375,257	133,673
3 Changes of Benefit Terms	-	-
4 Difference between expected and actual experience of the Total Pension Liability	104,636	(941)
5 Changes of Assumptions	-	-
6 Benefit payments, including refunds of employee contributions	(259,843)	(116,461)
7 Net change in total pension liability	380,578	98,642
8 Total pension liability - beginning	5,224,748	1,860,508
9 Total pension liability - ending	<u>\$ 5,605,326</u>	<u>\$ 1,959,150</u>
B. Plan Fiduciary Net Position		
1 Contributions - employer	\$ 101,521	\$ 28,831
2 Contributions - employee	70,000	34,529
3 Net investment income	123,865	47,421
4 Benefit payments, including refunds of employee contributions	(259,843)	(116,461)
5 Pension plan administrative expense	(8,668)	(4,287)
6 Other (net transfer)	(29,181)	45,038
7 Net change in plan fiduciary net position	(2,306)	35,071
8 Plan fiduciary net position - beginning	6,284,576	2,458,389
9 Plan fiduciary net position - ending	<u>\$ 6,282,270</u>	<u>\$ 2,493,460</u>
C. Net Pension Liability / (Asset)	<u>\$ (676,944)</u>	<u>\$ (534,310)</u>
D. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	112.08%	127.27%
E. Covered-Employee Payroll	\$ 1,640,146	\$ 874,739
F. Net Pension Liability as a Percentage of Covered Employee Payroll	-41.27%	-61.08%

Sensitivity of the Net Position Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate.

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

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

Sensitivity of Net Pension Liability to the Single Discount Rate

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
General Division:			
Total Pension Liability (TPL)	\$ 6,317,312	\$ 5,605,326	\$ 5,009,149
Plan Fiduciary Net Position	6,282,270	6,282,270	6,282,270
Net Pension Liability / (Asset) (NPL)	<u>\$ 35,042</u>	<u>\$ (676,944)</u>	<u>\$ (1,273,121)</u>

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Police Division:			
Total Pension Liability (TPL)	\$ 2,275,104	\$ 1,959,150	\$ 1,700,093
Plan Fiduciary Net Position	2,493,460	2,493,460	2,493,460
Net Pension Liability / (Asset) (NPL)	<u>\$ (218,356)</u>	<u>\$ (534,310)</u>	<u>\$ (793,367)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the employer recognized pension expense of \$54,074. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	General		Police	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 82,495	\$ -	\$ -	\$ (781)
Changes in assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	261,818	-	104,298	-
Total	<u>\$ 344,313</u>	<u>\$ -</u>	<u>\$ 104,298</u>	<u>\$ (781)</u>

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

VIII. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

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

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs.

Until January 1, 2000, employees hired before January 1, 2000, could opt out of the system. CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101-2271, or by calling 1-573-632-9203.

B. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002 are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee.

The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. During 2015 the County collected and remitted to CERF, employee contributions of \$259,343.24, for the year then ended.

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

IX. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed \$7,752.00 for the year ended December 31, 2015.

X. POST-EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County. As of December 31, 2015, the County had zero COBRA participants.

XI. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County was not involved in any litigation as of the audit report date.

B. Compensated Absences (Vacation and Sick Time)

Lawrence County provides employees with up to three weeks of paid vacation based upon the number of years of continuous service. Upon termination from county employment, an employee is to be reimbursed for unused time at their rate of pay. Sick time is paid for at a rate of \$2 per hour for any unused sick pay over 630 hours. These have not been subjected to auditing procedures.

C. Federal and State Assisted Programs

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

XII. SUBSEQUENT EVENTS

There are no subsequent events to report as of the audit report date.

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

XIII. 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.

XIV. ACCOUNTING CHANGE

For the year ended December 31, 2015, the County has elected to change its accounting method from a modified cash basis to the regulatory basis of accounting. This basis recognizes assets, liabilities, fund balance, receipts, and disbursements when they result from cash transactions with a provision for investments and settlements pending (if applicable). The regulatory basis differs from accounting principles generally accepted in the United States of America and is described in Note I of the notes to the financial statements.

XV. PRIOR PERIOD ADJUSTMENT

The fund balance at December 31, 2014, has been restated to reflect a transfer between funds that was reported incorrectly in the prior year. See the table below for the prior year changes to the financial statements:

Description	Recorder User	
	General Revenue Fund	Fee Fund
Net position at December 31, 2014, as previously reported	\$ 808,419.76	\$ 108,372.85
Change in Accounting Principle to account for pension liabilities	(11,147.30)	11,147.30
Net position at December 31, 2014, as restated	\$ 797,272.46	\$ 119,520.15

The financial statements from the prior year did not include two component units that are to be treated as funds to be in compliance with the regulatory basis of accounting. The Senior Services Board Fund and the Developmentally Disabled Board Fund have been included in the financial statements for the year ended December 31, 2015. The prior year financial statements also included the Law Library Fund and the County Clerk Fund as governmental funds. The Law Library Fund is part of the Circuit Clerk's financial records, which are not to be included under the regulatory basis of accounting. The County Clerk Fund has been moved to an agency fund to properly reflect the purpose of the fund.

**SUPPLEMENTARY SCHEDULES
AND
AUDITOR'S REPORT**

STATE COMPLIANCE SECTION

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
SCHEDULE OF STATE FINDINGS
DECEMBER 31, 2015

SCHEDULE OF STATE FINDINGS

- I. There were no state findings noted for the year ended December 31, 2015.

FEDERAL COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Lawrence, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County of Lawrence ("County") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 28, 2016.

Internal Control Over Financial Reporting

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

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. [FS 2015-001, FS 2015-002, FS 2015-003]

Compliance and Other Matters

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

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Daniel Jones & Associates

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

July 28, 2016



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

To The County Commission
The County of Lawrence, Missouri

Report on Compliance for Each Major Federal Program

We have audited the County of Lawrence's ("County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Daniel Jones & Associates

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

July 28, 2016

**THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2015**

FEDERAL GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY NUMBER	AMOUNT PASSED THROUGH	DECEMBER 31, 2015 EXPENDITURES
<u>U.S. Department of Agriculture</u>				
Passed Through State Department of Health and Senior Services				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	ERS04515059	\$ -	\$ 146,419.59
		ERS04516059	-	40,632.53
<i>Total CFDA# 10.557.....</i>			-	187,052.12
Total Department of Agriculture			-	187,052.12
<u>U.S. Department of Justice</u>				
Direct Program:				
Domestic Cannabis Eradication/Suppression Program	16.UNKNOWN	2012-119	-	90,000.00
Passed Through State Department of Public Safety:				
Crime Victim Assistance	16.575	2014-SSVF-052-SW	-	10,349.00
		2016-SSVF-051-SW	-	10,349.00
<i>Total CFDA# 16.575.....</i>			-	20,698.00
Edward Byrne Memorial Justice Assistance Grant	16.738	2014-LLEBG-052	-	9,989.12
Total Department of Justice			-	120,687.12
<u>U.S. Department of Transportation</u>				
Passed Through the Missouri Highway and Transportation Commission				
Highway Planning and Construction	20.205	BRO-B055(25)	-	317,545.00
		BRO-B055(26)	-	33,608.00
<i>Total CFDA# 20.205.....</i>			-	351,153.00
Passed Through the Missouri Department of Transportation				
State and Community Highway Safety	20.600	15-PT-02-117	-	2,630.50
State and Community Highway Safety	20.600	16-PT-02-081	-	451.72
<i>Total CFDA# 20.600.....</i>			-	3,082.22
Alcohol Open Container Requirements	20.607	15-154-AL-101	-	9,020.62
Alcohol Open Container Requirements	20.607	16-154-AL-113	-	439.83
<i>Total CFDA# 20.607.....</i>			-	9,460.45
Passed Through the University of Central Missouri				
Drive Sober or Get Pulled Over	20.616	15-M5HVE-03-035	-	991.66
Click It or Ticket Enforcement Campaign	20.616	15-M2HVE-05-020	-	794.75
July 4th DWI Enforcement Campaign	20.616	15-M5HVE-03-035	-	735.41
St. Patrick's DWI Enforcement Campaign	20.616	15-M5HVE-03-035	-	704.36
Youth Alcohol Enforcement Campaign	20.616	15-M5HVE-03-035	-	815.22
Youth Seat Belt Enforcement Campaign	20.616	15-M2HVE-05-027	-	417.30
<i>Total CFDA# 20.616.....</i>			-	4,458.70
Total Department of Transportation			-	368,154.37
<u>Election Assistance Commission</u>				
Passed Through the State Office of the Secretary of State				
Help America Vote Act Requirements Payments	90.401		-	4,355.55
Total Election Assistance Commission			-	4,355.55

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this statement.

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2015

<u>FEDERAL GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY NUMBER</u>	<u>AMOUNT PASSED THROUGH</u>	<u>DECEMBER 31, 2015 EXPENDITURES</u>
<u>U.S. Department of Health and Human Services</u>				
Passed Through the State Department of Health and Senior Services				
Public Health Preparedness & Bioterrorism Response	93.069	AOC012380137	-	31,007.88
Immunization Cooperative Grants	93.268	DH160006017	-	5,370.00
Child Care and Development Block Grant	93.575	DH150008048	-	4,017.25
		DH160014041	-	2,976.19
		ERS220-11056	-	2,795.00
<i>Total CFDA# 93.575.....</i>			-	9,788.44
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.752	ERS16115053	-	5,721.00
Maternal and Child Health Services Block Grant to States	93.994	AOC15380060	-	29,679.18
Passed Through State Department of Social Services				
Child Support Enforcement Program	93.563	04MO005	-	162,333.00
Total Department of Health and Human Services			-	243,899.50
<u>U.S. Department of Homeland Security</u>				
Passed through the State Department of Public Safety				
Emergency Management Performance Grants	97.042	2015-EP-00043-063	-	22,254.88
Total Department of Homeland Security			-	22,254.88
TOTAL FEDERAL EXPENDITURES			<u>\$ -</u>	<u>\$ 946,403.54</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this statement.

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2015

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the County of Lawrence under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Lawrence, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Lawrence.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2015

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Unmodified - Regulatory Basis
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? ☐ Yes ☒ No
 - b. Significant deficiency(ies) identified? ☒ Yes ☐ None Reported
3. Noncompliance material to financial statements noted? ☐ Yes ☒ No

B. Federal Awards

1. Internal control over major federal programs:
 - a. Material weakness(es) identified? ☐ Yes ☒ No
 - b. Significant deficiency(ies) identified? ☐ Yes ☒ None Reported
2. Type of auditor's report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? ☐ Yes ☒ No
4. Identification of major federal programs:

Year	CFDA Number(s)	Name of Federal Program or Cluster
2015	20.205	Highway Planning and Construction
2015	93.563	Child Support Enforcement Program

5. Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
6. Auditee qualified as low-risk auditee? ☐ Yes ☒ No

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2015

II. FINANCIAL STATEMENT FINDINGS

FS 2015-001 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

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

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

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

Views of responsible officials and planned corrective actions: Lawrence County will work on developing the required documentation of internal controls in the offices of the County. The County Clerk is Gary Emerson, and his office phone number is (417)466-4348.

FS 2015-002 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

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

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2015

II. FINANCIAL STATEMENT FINDINGS (concluded)

FS 2015-002 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: Lawrence County will work on developing the required risk assessments of the offices of the County. The County Clerk is Gary Emerson, and his office phone number is (417)466-4348.

FS 2015-003 Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

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

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

Cause: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties.

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

Views of responsible officials and planned corrective actions: Lawrence County will continue to monitor the separation of duties with the limited resources available to the County.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2015

There were no audit findings related to federal awards for the year ended December 31, 2015.

THE COUNTY OF LAWRENCE
MT. VERNON, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2015

I. FOLLOW-UP PRIOR YEAR FINDINGS

2014-001 Segregation of Duties

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

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

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

Cause: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties.

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

Auditor's Evaluation: The finding has been repeated as financial statement finding FS 2015-003.



Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

July 28, 2016

To the Board of Commissioners
County of Lawrence

In planning and performing our audit of the regulatory based financial statements of the County of Lawrence (the "County") as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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

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

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

- I. Deficiencies Considered to be Significant
- II. Information Required by Professional Standards

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

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

Very truly yours,

Daniel Jones & Associates

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

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

FS 2015-001 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

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

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

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

Views of responsible officials and planned corrective actions: Lawrence County will work on developing the required documentation of internal controls in the offices of the County. The County Clerk is Gary Emerson, and his office phone number is (417)466-4348.

FS 2015-002 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

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

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

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

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

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (concluded)

FS 2015-002 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: Lawrence County will work on developing the required risk assessments of the offices of the County. The County Clerk is Gary Emerson, and his office phone number is (417)466-4348.

FS 2015-003 Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

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

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

Cause: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties.

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

Views of responsible officials and planned corrective actions: Lawrence County will continue to monitor the separation of duties with the limited resources available to the County.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

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

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 2, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2015 fiscal year. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (continued)

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Due to the County applying the regulatory basis of accounting, no estimates are made during the preparation of financial statements.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 28, 2016.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (concluded)

Other Matters

We were engaged to report on the schedule of expenditures of federal awards which accompany the financial statements but are not Required Supplementary Information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the regulatory basis of accounting, the methods of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.