

ANNUAL FINANCIAL REPORT

**VERNON COUNTY, MISSOURI**

For the Years Ended  
December 31, 2013 and 2012

VERNON COUNTY, MISSOURI

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## **INTRODUCTORY SECTION**

VERNON COUNTY, MISSOURI  
List of Elected Officials

*County Commission*

Presiding Commissioner – Bonnie M. McCord

Northern Commissioner – Neal F. Gerster

Southern Commissioner – Everett L. Wolfe

*Other Elected Officials*

Assessor – Cherie K. Roberts

County Clerk – Tammi Beach

Circuit Clerk – Vickie Erwin

Recorder – Doug Shupe

Coroner – David Ferry

Prosecuting Attorney – Lynn M. Ewing, III

Public Administrator – Tammy Bond

Sheriff – Jason Mosher

Collector/Treasurer – Phil Couch

## **FINANCIAL SECTION**

## MCBRIDE, LOCK & ASSOCIATES

### INDEPENDENT AUDITORS' REPORT

To the County Commission and  
Officeholders of Vernon County, Missouri

#### **Report on the Financial Statements**

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

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed or permitted by Missouri law. 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 opinions on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

As described in Note 1, the financial statements are prepared by Vernon County, Missouri 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. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

## **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

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

## **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of each fund of Vernon County, Missouri, as of December 31, 2013 and 2012, and their respective cash receipts and disbursements, and budgetary results for the years then ended, on the basis of the financial reporting provisions prescribed or permitted by Missouri Law described in Note 1.

## **Other Matters**

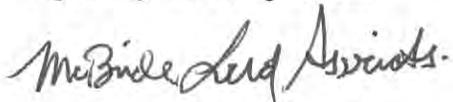
### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Vernon County, Missouri’s basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is 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 relate 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 also have issued our report date July 29, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its

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

A handwritten signature in black ink that reads "McBride, Lock & Associates". The signature is written in a cursive, flowing style.

McBride, Lock & Associates  
Kansas City, Missouri  
March 24, 2015

VERNON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2012 AND 2013

Fund	Cash and	Receipts	Disbursements	Cash and	Receipts	Disbursements	Cash and
	Investments			Investments			Investments
	January 1,	2012	2012	December 31,	2013	2013	December 31,
	2012			2012			2013
General Revenue	\$ 302,866	\$ 3,612,009	\$ 3,401,634	\$ 513,241	\$ 3,251,903	\$ 3,258,151	\$ 506,993
Special Road & Bridge	426,045	1,457,450	1,619,051	264,444	1,520,873	1,379,780	405,537
Assessment	34,365	215,024	208,283	41,106	221,471	229,685	32,892
Law Enforcement Training	1,718	4,241	5,243	716	4,005	3,825	896
Sheriff's Discretionary	2,814	24,260	26,678	396	24,979	22,210	3,165
Prosecuting Attorney Training	175	732	579	328	699	909	118
Prosecuting Attorney Admin Cost	-	15,820	15,820	-	13,051	13,051	-
Sewer	100	5,528	1,969	3,659	5,832	9,491	-
Local Emergency Planning Committee	10,040	4,274	4,850	9,464	3,498	1,974	10,988
Shelter	-	4,961	4,961	-	4,388	21	4,367
Election Service	41,609	18,510	20,467	39,652	17,712	25,915	31,449
Help America Vote Act	1,078	9,665	9,382	1,361	34,150	20,167	15,344
Election	30,617	79,755	110,372	-	33,561	33,561	-
Tax Maintenance	46,422	34,786	25,360	55,848	30,014	27,471	58,391
Quarter % Assessment	6,784	42,922	20,276	29,430	40,447	46,209	23,668
Recorder User Fee	81,337	12,373	15,600	78,110	13,222	15,600	75,732
Law Enforcement Restitution	49,385	37,351	38,620	48,116	32,097	55,544	24,669
Law Enforcement Sales Tax	99,180	934,812	956,843	77,149	941,018	936,061	82,106
Inmate Security	12,429	3,015	2,915	12,529	5,948	17,213	1,264
Prosecuting Attorney Tax Collection	167	2	-	169	2	-	171
Recycling Income	-	27,897	27,201	696	16,141	15,530	1,307
United Way DARE	1,749	2,211	2,346	1,614	2,209	2,840	983
Payment in Lieu of Tax (P.I.L.T.)	35,176	-	30	35,146	-	21	35,125
Bond Reserve	725,991	18,451	267	744,175	2,855	14,899	732,131
Vernon County DARE	-	1,858	1,058	800	2,076	1,960	916
Total	\$ 1,910,047	\$ 6,567,907	\$ 6,519,805	\$ 1,958,149	\$ 6,222,151	\$ 6,132,088	\$ 2,048,212

The accompanying Notes to the Financial Statements are an integral part of this statement.

VERNON COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

GENERAL REVENUE FUND				
Year Ended December 31,				
	2012		2013	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<b>RECEIPTS</b>				
Property taxes	\$ 369,514	\$ 410,414	\$ 383,618	\$ 405,071
Sales taxes	937,000	935,341	872,000	939,920
Intergovernmental	605,541	476,057	351,568	358,400
Charges for services	1,052,425	1,147,969	1,018,701	960,094
Interest	2,300	6,235	6,000	6,452
Other	201,955	238,397	191,679	208,373
Transfers in	424,513	397,596	379,590	373,593
Total Receipts	<u>\$ 3,593,248</u>	<u>\$ 3,612,009</u>	<u>\$ 3,203,156</u>	<u>\$ 3,251,903</u>
<b>DISBURSEMENTS</b>				
County Commission	\$ 96,413	\$ 96,314	\$ 96,958	\$ 95,169
County Clerk	189,207	180,510	198,179	172,984
Elections	84,300	82,321	27,850	4,009
Buildings and grounds	119,511	104,039	135,454	130,859
Employee fringe benefits	429,836	377,341	442,407	390,443
Treasurer	139,817	134,624	133,729	134,391
Recorder of Deeds	90,007	87,399	90,462	88,164
Circuit Clerk	55,500	35,474	68,185	44,396
Court administration	28,700	27,384	21,855	20,975
Public Administrator	73,612	69,247	75,848	74,297
Sheriff	1,124,754	797,671	639,131	638,373
Jail	634,127	833,763	883,632	846,677
Prosecuting Attorney	192,694	193,315	208,000	198,300
Juvenile Officer	121,984	115,571	122,909	135,322
Coroner	27,563	26,662	28,228	27,218
Other County Government	237,232	229,821	259,801	254,255
Health and Welfare	1,000	1,000	1,000	1,000
Debt Services	-	-	-	-
Transfers out	14,350	-	15,000	-
Emergency fund	98,293	9,178	93,442	1,319
Total Disbursements	<u>\$ 3,758,900</u>	<u>\$ 3,401,634</u>	<u>\$ 3,542,070</u>	<u>\$ 3,258,151</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	\$ (165,652)	\$ 210,375	\$ (338,914)	\$ (6,248)
CASH AND INVESTMENTS, JANUARY 1	<u>302,866</u>	<u>302,866</u>	<u>513,241</u>	<u>513,241</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 137,214</u>	<u>\$ 513,241</u>	<u>\$ 174,327</u>	<u>\$ 506,993</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SPECIAL ROAD AND BRIDGE FUND				ASSESSMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ 112,000	\$ 115,800	\$ 118,398	\$ 118,397	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	1,665,251	1,303,274	1,918,860	1,369,607	204,516	213,722	198,303	217,191
Charges for services	-	-	-	-	-	-	-	-
Interest	-	5,329	5,000	5,231	800	1,118	1,000	906
Other	21,200	33,047	22,200	27,638	700	184	100	3,374
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,798,451</u>	<u>\$ 1,457,450</u>	<u>\$ 2,064,458</u>	<u>\$ 1,520,873</u>	<u>\$ 206,016</u>	<u>\$ 215,024</u>	<u>\$ 199,403</u>	<u>\$ 221,471</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ 300,000	\$ 269,722	\$ 305,107	\$ 292,132	\$ 144,009	\$ 137,215	\$ 148,086	\$ 147,310
Employee fringe benefits	98,265	90,761	110,233	105,562	27,680	24,636	27,807	56,963
Materials and supplies	152,000	113,348	141,000	104,423	22,300	15,589	25,899	17,749
Services and Other	1,077,999	799,866	1,187,197	483,563	46,392	30,843	38,575	7,663
Capital Outlay	174,000	45,106	114,000	108,693	-	-	-	-
Construction	202,000	200,035	220,000	181,530	-	-	-	-
Transfers out	100,213	100,213	103,877	103,877	-	-	-	-
Total Disbursements	<u>\$ 2,104,477</u>	<u>\$ 1,619,051</u>	<u>\$ 2,181,414</u>	<u>\$ 1,379,780</u>	<u>\$ 240,381</u>	<u>\$ 208,283</u>	<u>\$ 240,367</u>	<u>\$ 229,685</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (306,026)</u>	<u>\$ (161,601)</u>	<u>\$ (116,956)</u>	<u>\$ 141,093</u>	<u>\$ (34,365)</u>	<u>\$ 6,741</u>	<u>\$ (40,964)</u>	<u>\$ (8,214)</u>
CASH AND INVESTMENTS, JANUARY 1	<u>426,045</u>	<u>426,045</u>	<u>264,444</u>	<u>264,444</u>	<u>34,365</u>	<u>34,365</u>	<u>41,106</u>	<u>41,106</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ 120,019</u></u>	<u><u>\$ 264,444</u></u>	<u><u>\$ 147,488</u></u>	<u><u>\$ 405,537</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 41,106</u></u>	<u><u>\$ 142</u></u>	<u><u>\$ 32,892</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	LAW ENFORCEMENT TRAINING FUND				SHERIFF'S DISCRETIONARY FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	3,600	4,219	4,000	3,998	24,000	24,225	24,000	24,958
Interest	8	22	20	7	-	35	30	21
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 3,608</u>	<u>\$ 4,241</u>	<u>\$ 4,020</u>	<u>\$ 4,005</u>	<u>\$ 24,000</u>	<u>\$ 24,260</u>	<u>\$ 24,030</u>	<u>\$ 24,979</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	8,000	6,000	3,626	3,935
Services and other	5,326	5,243	4,736	3,825	18,814	20,678	20,800	18,275
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 5,326</u>	<u>\$ 5,243</u>	<u>\$ 4,736</u>	<u>\$ 3,825</u>	<u>\$ 26,814</u>	<u>\$ 26,678</u>	<u>\$ 24,426</u>	<u>\$ 22,210</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (1,718)</u>	<u>\$ (1,002)</u>	<u>\$ (716)</u>	<u>\$ 180</u>	<u>\$ (2,814)</u>	<u>\$ (2,418)</u>	<u>\$ (396)</u>	<u>\$ 2,769</u>
CASH AND INVESTMENTS, JANUARY 1	<u>1,718</u>	<u>1,718</u>	<u>716</u>	<u>716</u>	<u>2,814</u>	<u>2,814</u>	<u>396</u>	<u>396</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ -</u>	<u>\$ 716</u>	<u>\$ -</u>	<u>\$ 896</u>	<u>\$ -</u>	<u>\$ 396</u>	<u>\$ -</u>	<u>\$ 3,165</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	PROSECUTING ATTORNEY TRAINING FUND				PROSECUTING ATTORNEY ADMIN COST FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	15,880	15,770	14,000	12,669
Interest	-	3	-	5	-	50	40	32
Other	600	729	600	694	-	-	-	350
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 600</u>	<u>\$ 732</u>	<u>\$ 600</u>	<u>\$ 699</u>	<u>\$ 15,880</u>	<u>\$ 15,820</u>	<u>\$ 14,040</u>	<u>\$ 13,051</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	775	579	928	909	31	30	1,040	471
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	15,849	15,790	13,000	12,580
Total Disbursements	<u>\$ 775</u>	<u>\$ 579</u>	<u>\$ 928</u>	<u>\$ 909</u>	<u>\$ 15,880</u>	<u>\$ 15,820</u>	<u>\$ 14,040</u>	<u>\$ 13,051</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (175)	\$ 153	\$ (328)	\$ (210)	\$ -	\$ -	\$ -	\$ -
CASH AND INVESTMENTS, JANUARY 1	<u>175</u>	<u>175</u>	<u>328</u>	<u>328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ -</u></u>	<u><u>\$ 328</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 118</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SEWER FUND				LOCAL EMERGENCY PLANNING COMMITTEE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ 5,000	\$ 5,489	\$ 5,300	\$ 5,759	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	4,800	4,274	3,927	3,498
Charges for services	-	-	-	-	-	-	-	-
Interest	-	39	40	73	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 5,000</u>	<u>\$ 5,528</u>	<u>\$ 5,340</u>	<u>\$ 5,832</u>	<u>\$ 4,800</u>	<u>\$ 4,274</u>	<u>\$ 3,927</u>	<u>\$ 3,498</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	5,100	1,969	8,999	9,491	14,840	4,850	13,391	1,974
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 5,100</u>	<u>\$ 1,969</u>	<u>\$ 8,999</u>	<u>\$ 9,491</u>	<u>\$ 14,840</u>	<u>\$ 4,850</u>	<u>\$ 13,391</u>	<u>\$ 1,974</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (100)	\$ 3,559	\$ (3,659)	\$ (3,659)	\$ (10,040)	\$ (576)	\$ (9,464)	\$ 1,524
CASH AND INVESTMENTS, JANUARY 1	<u>100</u>	<u>100</u>	<u>3,659</u>	<u>3,659</u>	<u>10,040</u>	<u>10,040</u>	<u>9,464</u>	<u>9,464</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ -</u>	<u>\$ 3,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,464</u>	<u>\$ -</u>	<u>\$ 10,988</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SHELTER FUND				ELECTION SERVICE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	4,948	4,948	4,988	4,372	6,500	14,451	3,750	2,544
Interest	13	13	12	16	500	529	530	436
Other	-	-	-	-	25,926	3,530	9,600	14,732
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 4,961</u>	<u>\$ 4,961</u>	<u>\$ 5,000</u>	<u>\$ 4,388</u>	<u>\$ 32,926</u>	<u>\$ 18,510</u>	<u>\$ 13,880</u>	<u>\$ 17,712</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	74,535	20,467	53,532	25,915
Services and other	4,961	4,961	5,000	21	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 4,961</u>	<u>\$ 4,961</u>	<u>\$ 5,000</u>	<u>\$ 21</u>	<u>\$ 74,535</u>	<u>\$ 20,467</u>	<u>\$ 53,532</u>	<u>\$ 25,915</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ -	\$ -	\$ 4,367	\$ (41,609)	\$ (1,957)	\$ (39,652)	\$ (8,203)
CASH AND INVESTMENTS, JANUARY 1	-	-	-	-	41,609	41,609	39,652	39,652
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,367</u>	<u>\$ -</u>	<u>\$ 39,652</u>	<u>\$ -</u>	<u>\$ 31,449</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	HELP AMERICA VOTE ACT FUND				ELECTION FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	25,926	9,406	17,299	17,323	103,000	79,755	75,000	33,561
Charges for services	200	255	16,628	16,811	-	-	-	-
Interest	5	4	15	16	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 26,131</u>	<u>\$ 9,665</u>	<u>\$ 33,942</u>	<u>\$ 34,150</u>	<u>\$ 103,000</u>	<u>\$ 79,755</u>	<u>\$ 75,000</u>	<u>\$ 33,561</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	10,353	513	-	-	-	-	-	-
Services and other	15,573	8,869	35,303	20,167	133,617	110,372	75,000	33,561
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 25,926</u>	<u>\$ 9,382</u>	<u>\$ 35,303</u>	<u>\$ 20,167</u>	<u>\$ 133,617</u>	<u>\$ 110,372</u>	<u>\$ 75,000</u>	<u>\$ 33,561</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>\$ 205</u>	<u>\$ 283</u>	<u>\$ (1,361)</u>	<u>\$ 13,983</u>	<u>\$ (30,617)</u>	<u>\$ (30,617)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>CASH AND INVESTMENTS, JANUARY 1</b>	<u>1,078</u>	<u>1,078</u>	<u>1,361</u>	<u>1,361</u>	<u>30,617</u>	<u>30,617</u>	<u>-</u>	<u>-</u>
<b>CASH AND INVESTMENTS, DECEMBER 31</b>	<u>\$ 1,283</u>	<u>\$ 1,361</u>	<u>\$ -</u>	<u>\$ 15,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	TAX MAINTENANCE FUND				QUARTER % ASSESSMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 30,600	\$ 33,656	\$ 30,000	\$ 32,549
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	4,551
Charges for services	27,000	34,042	30,000	29,377	2,500	7,520	1,000	2,950
Interest	500	744	600	637	175	246	200	397
Other	-	-	-	-	-	1,500	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 27,500</u>	<u>\$ 34,786</u>	<u>\$ 30,600</u>	<u>\$ 30,014</u>	<u>\$ 33,275</u>	<u>\$ 42,922</u>	<u>\$ 31,200</u>	<u>\$ 40,447</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	28,115	16,100	25,505	20,351
Services and other	50,000	9,360	50,000	11,063	11,125	4,176	11,525	9,811
Capital outlay	-	-	-	-	-	-	23,600	16,047
Construction	-	-	-	-	-	-	-	-
Transfers out	16,000	16,000	66,985	16,408	-	-	-	-
Total Disbursements	<u>\$ 66,000</u>	<u>\$ 25,360</u>	<u>\$ 116,985</u>	<u>\$ 27,471</u>	<u>\$ 39,240</u>	<u>\$ 20,276</u>	<u>\$ 60,630</u>	<u>\$ 46,209</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (38,500)</u>	<u>\$ 9,426</u>	<u>\$ (86,385)</u>	<u>\$ 2,543</u>	<u>\$ (5,965)</u>	<u>\$ 22,646</u>	<u>\$ (29,430)</u>	<u>\$ (5,762)</u>
CASH AND INVESTMENTS, JANUARY 1	<u>46,422</u>	<u>46,422</u>	<u>55,848</u>	<u>55,848</u>	<u>6,784</u>	<u>6,784</u>	<u>29,430</u>	<u>29,430</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 7,922</u>	<u>\$ 55,848</u>	<u>\$ (30,537)</u>	<u>\$ 58,391</u>	<u>\$ 819</u>	<u>\$ 29,430</u>	<u>\$ -</u>	<u>\$ 23,668</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	RECORDER USER FEE FUND				LAW ENFORCEMENT RESTITUTION FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	10,000	11,392	10,000	12,490	31,000	36,919	36,600	31,690
Interest	1,000	981	900	732	400	432	400	407
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 11,000</u>	<u>\$ 12,373</u>	<u>\$ 10,900</u>	<u>\$ 13,222</u>	<u>\$ 31,400</u>	<u>\$ 37,351</u>	<u>\$ 37,000</u>	<u>\$ 32,097</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	50,000	-	34,400	-	42,185	20	27,128	28,416
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	15,600	15,600	15,600	38,600	38,600	28,436	27,128
Total Disbursements	<u>\$ 50,000</u>	<u>\$ 15,600</u>	<u>\$ 50,000</u>	<u>\$ 15,600</u>	<u>\$ 80,785</u>	<u>\$ 38,620</u>	<u>\$ 55,564</u>	<u>\$ 55,544</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (39,000)</u>	<u>\$ (3,227)</u>	<u>\$ (39,100)</u>	<u>\$ (2,378)</u>	<u>\$ (49,385)</u>	<u>\$ (1,269)</u>	<u>\$ (18,564)</u>	<u>\$ (23,447)</u>
CASH AND INVESTMENTS, JANUARY 1	<u>81,337</u>	<u>81,337</u>	<u>78,110</u>	<u>78,110</u>	<u>49,385</u>	<u>49,385</u>	<u>48,116</u>	<u>48,116</u>
CASH AND INVESTMENTS, DECEMBER 31	<u><u>\$ 42,337</u></u>	<u><u>\$ 78,110</u></u>	<u><u>\$ 39,010</u></u>	<u><u>\$ 75,732</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 48,116</u></u>	<u><u>\$ 29,552</u></u>	<u><u>\$ 24,669</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	LAW ENFORCEMENT SALES TAX FUND				INMATE SECURITY FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	934,500	932,001	872,000	939,120	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	2,600	2,871	2,600	3,470
Interest	2,500	2,811	2,400	1,898	135	144	140	80
Other	-	-	-	-	-	-	3,000	2,398
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 937,000</u>	<u>\$ 934,812</u>	<u>\$ 874,400</u>	<u>\$ 941,018</u>	<u>\$ 2,735</u>	<u>\$ 3,015</u>	<u>\$ 5,740</u>	<u>\$ 5,948</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	773,889	763,945	756,384	743,061	15,164	2,915	15,269	17,213
Capital outlay	-	-	-	-	-	-	3,000	-
Construction	-	-	-	-	-	-	-	-
Transfers out	193,000	192,898	193,000	193,000	-	-	-	-
Total Disbursements	<u>\$ 966,889</u>	<u>\$ 956,843</u>	<u>\$ 949,384</u>	<u>\$ 936,061</u>	<u>\$ 15,164</u>	<u>\$ 2,915</u>	<u>\$ 18,269</u>	<u>\$ 17,213</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (29,889)</u>	<u>\$ (22,031)</u>	<u>\$ (74,984)</u>	<u>\$ 4,957</u>	<u>\$ (12,429)</u>	<u>\$ 100</u>	<u>\$ (12,529)</u>	<u>\$ (11,265)</u>
<b>CASH AND INVESTMENTS, JANUARY 1</b>	<u>99,180</u>	<u>99,180</u>	<u>77,149</u>	<u>77,149</u>	<u>12,429</u>	<u>12,429</u>	<u>12,529</u>	<u>12,529</u>
<b>CASH AND INVESTMENTS, DECEMBER 31</b>	<u>\$ 69,291</u>	<u>\$ 77,149</u>	<u>\$ 2,165</u>	<u>\$ 82,106</u>	<u>\$ -</u>	<u>\$ 12,529</u>	<u>\$ -</u>	<u>\$ 1,264</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI

COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	PROSECUTING ATTORNEY TAX COLLECTION				RECYCLING INCOME FUND			
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2012	2013	2012	2013	2012	2013	2012	2013
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	12,220	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	2	2	2	-	93	20	18
Other	-	-	-	-	15,000	27,804	16,980	16,123
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ -	\$ 2	\$ 2	\$ 2	\$ 27,220	\$ 27,897	\$ 17,000	\$ 16,141
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	167	-	171	-	10,000	8,706	7,696	10,530
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	17,220	18,495	10,000	5,000
Total Disbursements	\$ 167	\$ -	\$ 171	\$ -	\$ 27,220	\$ 27,201	\$ 17,696	\$ 15,530
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (167)	\$ 2	\$ (169)	\$ 2	\$ -	\$ 696	\$ (696)	\$ 611
CASH AND INVESTMENTS, JANUARY 1	167	167	169	169	-	-	696	696
CASH AND INVESTMENTS, DECEMBER 31	\$ -	\$ 169	\$ -	\$ 171	\$ -	\$ 696	\$ -	\$ 1,307

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	UNITED WAY DARE FUND				PAYMENT IN LIEU OF TAX FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	8	11	10	9	-	-	-	-
Other	2,400	2,200	2,000	2,200	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 2,408</u>	<u>\$ 2,211</u>	<u>\$ 2,010</u>	<u>\$ 2,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	4,157	2,346	3,624	2,840	35,176	30	35,146	21
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 4,157</u>	<u>\$ 2,346</u>	<u>\$ 3,624</u>	<u>\$ 2,840</u>	<u>\$ 35,176</u>	<u>\$ 30</u>	<u>\$ 35,146</u>	<u>\$ 21</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,749)	\$ (135)	\$ (1,614)	\$ (631)	\$ (35,176)	\$ (30)	\$ (35,146)	\$ (21)
CASH AND INVESTMENTS, JANUARY 1	<u>1,749</u>	<u>1,749</u>	<u>1,614</u>	<u>1,614</u>	<u>35,176</u>	<u>35,176</u>	<u>35,146</u>	<u>35,146</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ -</u>	<u>\$ 1,614</u>	<u>\$ -</u>	<u>\$ 983</u>	<u>\$ -</u>	<u>\$ 35,146</u>	<u>\$ -</u>	<u>\$ 35,125</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	BOND RESERVE FUND				VERNON COUNTY DARE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	480	316	300	2,855	5	-	-	18
Other	18,135	18,135	-	-	1,858	1,858	1,100	2,058
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 18,615</u>	<u>\$ 18,451</u>	<u>\$ 300</u>	<u>\$ 2,855</u>	<u>\$ 1,863</u>	<u>\$ 1,858</u>	<u>\$ 1,100</u>	<u>\$ 2,076</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	520	267	-	14,899	1,863	1,058	1,900	1,960
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 520</u>	<u>\$ 267</u>	<u>\$ -</u>	<u>\$ 14,899</u>	<u>\$ 1,863</u>	<u>\$ 1,058</u>	<u>\$ 1,900</u>	<u>\$ 1,960</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 18,095	\$ 18,184	\$ 300	\$ (12,044)	\$ -	\$ 800	\$ (800)	\$ 116
CASH AND INVESTMENTS, JANUARY 1	<u>725,991</u>	<u>725,991</u>	<u>744,175</u>	<u>744,175</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>800</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 744,086</u>	<u>\$ 744,175</u>	<u>\$ 744,475</u>	<u>\$ 732,131</u>	<u>\$ -</u>	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ 916</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

VERNON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Vernon County, Missouri (“County”) is governed by a three-member board of commissioners. In addition to the three board members, there are nine elected Constitutional Officers: Assessor, County Clerk, Circuit Clerk, Recorder, Coroner, Prosecuting Attorney, Public Administrator, Sheriff, and Treasurer – Collector.

As discussed further in Note 1, these financial statements are presented using accounting practices prescribed or permitted by Missouri Law, which differ from accounting principles generally accepted in the United States of America, which would include all relevant Government Accounting Standards Board (GASB) pronouncements. The differences include use of a prescribed definition of the reporting entity and the cash basis of accounting.

A. Reporting Entity

The County’s operations include tax assessments and collections, state/county courts, county recorder, public safety, economic development, social and human services, and cultural and recreation services.

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

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

B. Basis of Presentation

Governmental 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 that comprise its assets, liabilities, net assets, revenues/receipts and expenditures/disbursements. The County’s funds are governmental funds. Governmental funds are those through which most governmental functions are financed. The County’s expendable financial resources are accounted for through governmental funds.

C. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

#### D. Budgets and Budgetary Accounting

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

1. In accordance with Chapter 50 RSMo, the County's policy is to adopt a budget for each governmental fund.
  2. On or before the second Monday in January, each elected officer and department director will transmit to the County Commission and 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 includes estimated revenues and proposed expenditures, on the cash basis of accounting, 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 fund balance at the beginning of the year as well as estimated revenues to be received.
  4. State law requires that, at the individual fund level, budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance.
  5. A public hearing is conducted to obtain public comment on the budget. Prior to its approval by the County Commission, the budget document is available for public inspection, which usually takes place the third and fourth weeks of January.
  6. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
  7. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by a formal vote of the Commission. Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year.
  8. Budgets are prepared and adopted on the cash basis of accounting.
  9. Section 50.740 RSMo. prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the Sewer, Bond Reserve, and Vernon County DARE funds in 2013.
- E. Property taxes are based on the voter-approved tax levy applied to the real and personal assessed property values. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and tax bills are mailed to taxpayers in October and November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

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

	<u>2013</u>	<u>2012</u>
Real Estate	\$ 157,592,460	\$ 156,411,020
Personal Property	62,420,371	59,326,332
Railroad and Utilities	23,291,542	19,502,036

For calendar years 2013 and 2012, the County Commission approved tax levies per \$100 of assessed valuation of tangible taxable property as follows:

	<u>2013</u>	<u>2012</u>
General Revenue	\$ 0.1831	\$ 0.1653

In addition, the County assesses a .50 levy on parcels of land that are part of the sewer district. Furthermore, the County receives 5% of Road & Bridge taxes levied and collected by each township in the County.

#### 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 may 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, purchased at a price at or below 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 and investment balances are presented in Note 2.

#### G. Interfund Activity

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

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

## 2. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the financial statements within the "Cash and Investments" caption. Cash includes deposits and investments with maturities that are less than ninety days. The County also maintains a bond reserve investment account which consists of cash equivalents and fixed income securities with maturities greater than ninety days. The fixed income securities were purchased in October 2013. Prior to this, the bond reserve account consisted solely of cash equivalents. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions, and short-term U.S. Treasury bills.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013 and 2012, the carrying amount of the County's deposits was \$2,048,212 and \$1,958,149, respectively, and the bank balances were \$2,219,334 and \$1,962,754, respectively. Of the bank balances, \$262,193 and \$259,260 for December 31, 2013 and December 31, 2012, respectively, were covered by federal depository insurance and the remainder were covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent in the County's name or by a line of credit held by the County or by its agent in the County's name.

At December 31, 2013 and 2012, the County Collector held, in addition to the cash listed above, cash representing collections of property taxes on behalf of various taxing districts in the County, including the County General Revenue fund. Tax collections on deposit amounted to \$7,746,566 and \$6,999,514 at December 31, 2013 and 2012, respectively. The County Collector's deposits were covered by federal depository insurance of \$250,000 and the remainder were covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent in the County's name or by a line of credit held by the County or by its agent in the County's name.

## 3. COUNTY EMPLOYEES' RETIREMENT PLANS

The following information is presented in accordance with the Governmental Accounting Standards Board Statement 27 (GASB 27), "Accounting for Pensions by State and Local Governmental Employees"

### A. Missouri Local Government Employees Retirement System (LAGERS)

#### 1) Plan Description

Vernon County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section RSMo 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401 (a) and is tax exempt. The Missouri Local Government Employees Retirement System

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

2) Pension Benefits

Upon termination of employment, any member who is vested is entitled to either an unreduced benefit annuity, payable at age sixty (police and fire fighters, age fifty-five), or a reduced benefit annuity, payable at age fifty-five (police and fire fighters, age fifty).

3) Funding Policy

Participation in the plan is mandatory for full-time employees with six months service. Part-time employees are not eligible to participate in the plan. Employees do not contribute to LAGERS. Employer contributions are determined each year by LAGERS' actuary and are based on level-percent-of-payroll funding principles so the employer contributions rate may remain level over time. For 2013 and 2012, total payments to LAGERS were \$153,921 and \$159,525 respectively.

B. County Employees' Retirement Fund (CERF)

The County Employee's Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees.

1) Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than one thousand (1,000) hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government. It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Sections 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994.

The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of nine persons.

2) Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two years may retire with full benefits with eight or more years of creditable service. The monthly benefit for County Employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar formula, targeted replacement ratio formula, and prior plan's formula). A death benefit of \$10,000 will be paid to the designated beneficiary of every active member upon his or her death.

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement is at age fifty-five. Any member with less than eight years of creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions.

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

### 3) Funding Policy

In accordance with State Statutes, the Plan is partially funded through various fees collected by counties and remitted to the CERF. All participants hired on or after February 24, 2002 are required to contribute an additional 4% of their gross compensation to CERF, starting January 1, 2003. An active LAGERS participant who was employed with the County prior to February 24, 2002, is not required to make contributions. During 2013 and 2012, the County collected and remitted to CERF employee contributions of approximately \$46,277 and \$40,918, respectively, for the years then ended.

## 4. 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.

## 5. CLAIMS, COMMITMENT AND CONTINGENCIES

### A. Compensated Absences

The County provides full-time employees with up to 30 days of sick time, to accrue at one and one half day per complete calendar month of employment. Upon termination, the employee is not compensated accrued sick time. Vacation time is accrued for every full-time employee, and accrues at the rate of 5 days per year up to two and 20 days per year depending on length of employment. Employees must use vacation time in the year it is earned.

### B. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants, when performed, could result in the disallowance of certain costs. Accordingly, 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 and, therefore, no provision has been made in the accompanying financial statements for the potential refund of grant monies.

## 6. RISK MANAGEMENT

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

The County is a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

## 7. LONG TERM DEBT

The County had the following debt outstanding at December 31, 2013:

The County issued certificates of participation bonds to provide funds for the construction of a new law enforcement facility and to repay the related bond anticipation notes. The County created a Law Enforcement Sales Tax Fund and a Bond Reserve Fund in which the activity for this project and the bond reserve are recorded. Sales tax revenue bonds are payable from a one-half cent sales tax plus the interest from the Bond Reserve fund. The County debt at December 31, 2013 consisted of the following:

\$8,130,000 in Certificates of Participation, Series 2007, with principal payments due on October 1 each year through 2027. Principal payments increase each year, with \$425,000 due on October 1, 2014 up to \$710,000 due on October 1, 2027. Interest is due on April 1 and October 1 each year with interest rates increasing each year from the initial rate of 3.5% up to 4.4%.

## 8. CHANGE IN REPORTING ENTITY

The County has changed its definition of the reporting entity, as of January 1, 2012, to include the Vernon County DARE fund.

## 9. SUBSEQUENT EVENTS

The County has evaluated events subsequent to December 31, 2013 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through July 29, 2014, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

## **COMPLIANCE SECTION**

## MCBRIDE, LOCK & ASSOCIATES

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

To the County Commission and  
Officeholders of Vernon County, Missouri

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Vernon County, Missouri as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Vernon County, Missouri's basic financial statements and have issued our report thereon dated March 24, 2015.

#### **Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Vernon County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and recommendations as items 1 and 2.

### **Vernon County, Missouri's Response to Findings**

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



McBride, Lock & Associates  
Kansas City, Missouri  
March 24, 2015

## MCBRIDE, LOCK & ASSOCIATES

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

To the County Commission and  
Officeholders of Vernon County, Missouri

#### **Report on Compliance for Each Major Federal Program**

We have audited Vernon County, Missouri's (County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Vernon County, Missouri's major federal programs for the years ended December 31, 2013 and 2012. Vernon County, Missouri's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Vernon County, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal programs 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 Vernon County, Missouri's compliance.

### ***Opinion on Each Major Federal Program***

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

### **Report on Internal Control over Compliance**

Management of Vernon County, Missouri is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Vernon County, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expression an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Vernon County, Missouri's internal control over compliance.

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

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-1 to be a significant deficiency.

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

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

*McBride, Lock & Associates*

McBride, Lock & Associates  
Kansas City, Missouri  
March 24, 2015

VERNON COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31, 2012	2013
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants - ARRA	2012UMWX0110	10,633	25,770
16.922	Equitable Sharing of Seized and Forfeited Property	COPS 07	3,317	-
Passed through:				
State Department of Public Safety -				
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	ERS172392	26,377	20,783
16.738	Edward Byrne Memorial Justice Assistance Grant Program	LLEBG	9,992	-
		2010JAG028	70,030	-
		2011JAG025	51,082	-
16.803	Edward Byrne Memorial Justice Assistance Grant Program - ARRA	2009JAG-RA119	37,018	-
<b>U. S. DEPARTMENT OF TRANSPORTATION</b>				
Passed through State Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-B108(35)	153,388	61,172
		BRO-B108(36)	202,341	-
		BRO-B108(37)	162,387	-
		BRO-B108(38)	143,499	-
		BRO-B108(39)	4,797	39,202
		BRO-B108(40)	-	46,490
		BRO-B108(41)	-	22,084
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants	12-K8-03-088	1,295	-
		2009-10EUDL-21	1,158	-
20.607	Alcohol Open Container Requirements	13-154-AL-074	-	1,327
Passed through Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	HMPG	4,850	1,974
<b>GENERAL SERVICES ADMINISTRATION</b>				
Passed through the Office of Secretary of State -				
39.011	Election Reform Payments	n/a	-	1,963
<b>ELECTION ASSISTANCE COMMISSION</b>				
Passed through the Office of Secretary of State -				
90.401	Help America Vote Act Requirements Payments	n/a	2,016	2,749
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Passed through state Department of Social Services -				
93.563	Child Support Enforcement	n/a	34,116	42,377
93.617	Voting Access for Individuals with Disabilities	n/a	57	-
<b>U. S. DEPARTMENT OF HOMELAND SECURITY</b>				
Passed through State Department of Public Safety:				
97.036	Disaster Grants - Public Assistance Grants (Presidentially declared disasters)	217-99217-00	21,338	-
97.042	Emergency Management Performance Grants	EMPG	20,933	21,241
97.053	Citizen Corps	EMW-2011-55-00003	1,040	3,500
Total Expenditures of Federal Awards			<u>\$ 961,664</u>	<u>\$ 290,632</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B – MATCHING REQUIREMENTS**

Certain Federal programs require that the County contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**NOTE C – SUBRECIPIENTS**

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

VERNON COUNTY, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements:**

Type of Auditors’ Report Issued: Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

**Federal Awards:**

Internal Control Over Major Programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Type of Auditor’s Report Issued on Compliance For Major Programs: Unmodified

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

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway and Transportation – Highway Planning and Construction

Dollar Threshold Used to Distinguish Between Type A and Type B Programs: \$300,000

Auditee Qualified as low-risk:  Yes  No

## **SECTION II – FINANCIAL STATEMENTS FINDINGS**

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

1. Budgetary Controls
2. Accounting for Transfers

Summary Schedule of Prior Audit Findings:

1. Bond Reserve Monitoring and Reporting
2. Budgetary Compliance
3. Procurement Procedures
4. Accounting for Transfers
5. Timely Filing of Collector's Annual Settlement

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Federal Grantor: U.S. Department of Transportation  
Pass through Grantor: Missouri Department of Transportation  
Federal CFDA Number: 20.205  
Program Title: Highway Planning and Construction  
Pass through Entity Identifying Numbers: BRO-B108(37)  
Award Years: 2012  
Questioned Costs: None

Federal Grantor: U.S. Department of Transportation  
Pass through Grantor: Missouri Department of Transportation  
Federal CFDA Number: 20.205  
Program Title: Highway Planning and Construction  
Pass through Entity Identifying Numbers: BRO-B108(38)  
Award Years: 2012  
Questioned Costs: None

Federal Grantor: U.S. Department of Transportation  
Pass through Grantor: Missouri Department of Transportation  
Federal CFDA Number: 20.601  
Program Title: Alcohol Impaired Driving Countermeasures Incentive Grants  
Pass through Entity Identifying Numbers: 12-K8-03-088  
Award Years: 2012  
Questioned Costs: None

**2013-1: Incorrect Schedule of Expenditures of Federal Awards (SEFA)**

Condition: The County Clerk did not prepare an accurate SEFA for the years ending December 31, 2012 and 2013. The reported expenditures for two projects under CFDA Number 20.205, and a grant under CFDA Number 20.601 were not accurate when compared to county prepared reimbursement requests to the state. As a result, expenditures were understated on the draft SEFA by \$153,926. The December 31, 2013 and 2012 Schedule of Expenditures of Federal Awards included with this report has been adjusted to correct this condition.

Recommendation: We recommend that County Clerk implement procedures to ensure that federal expenditures incurred during the year are reported on the Schedule of Federal Expenditures.

County Response: The Clerk’s office will implement procedures to ensure that federal expenditures incurred during the year are properly reported on the Schedule of Expenditures of Federal Awards.

Auditor’s Response: The response is appropriate to correct the concern.

**SECTION IV – FOLLOW-UP ON PRIOR YEAR’S FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2011-1. Incorrect Schedule of Expenditures of Federal Awards (SEFA)**

The County Clerk did not prepare an accurate SEFA for the years ending December 31, 2010 and 2011. Reporting was based on reimbursements received for CFDA Number 16.710 rather than expenditures incurred during the year. As a result, expenditures were understated on the draft SEFA.

*Status* – This finding is not resolved.

**2011-2. Document Retention**

The County was unable to provide the grant agreements, inclusive of the identifying numbers for six grants (CFDA 16.580, 20.607, 20.600, 93.563, 93.569, 97.036) passed through four different state agencies.

*Status* – Resolved.

## **FINDINGS AND RECOMMENDATIONS**

VERNON COUNTY, MISSOURI  
FINDINGS AND RECOMMENDATIONS

**MATERIAL WEAKNESSES IN INTERNAL CONTROL**

None

**SIGNIFICANT INTERNAL CONTROL DEFICIENCIES**

None

**ITEMS OF NONCOMPLIANCE**

**1. Budgetary Controls**

Condition: Actual expenditures exceeded budgeted expenditures for the Sewer and Vernon County DARE funds in 2013. State statutes prohibit the County from approving expenditures in excess of the budgeted amount for any County fund. The expenditures reported for the Bond Reserve fund also exceeded the amount budgeted. The amount reported as expenditures represents the decline in the market value of the bond reserve investment account and not actual cash disbursements, therefore, the County did not attempt to budget for this amount.

Recommendation: We recommend the County Commission and County Clerk ensure compliance with State Statutes and refrain from approving proposed expenditures in excess of budgeted amounts.

County's Response: County Clerk and Commission will review the monthly budget vs. expenditures more closely, especially in the last several months of the year. Budget vs. expenditure reports are provided to Elected Officials on a monthly basis and we will now implement a notice to be included if the budgeted expenditures have reached ninety percent of the approved budget.

Auditor's Response: The response is appropriate to correct the concern.

**2. Accounting for Transfers**

Condition: The financial statements of the County as presented in the annual budget document present transfers between funds. However, the transfers reported in both 2012 and 2013 did not balance, in that transfers to other funds were not in agreement with transfers from other funds. This was the result of expenditures being misclassified as transfers. This has the affect of overstating revenues and expenditures as recorded in the annual budget documents. All transfers in must be accompanied by a corresponding transfer out. The financial statements included in this report have been adjusted so that transfers in and out between funds are equal as of December 31, 2013 and 2012.

Recommendation: We recommend that the County ensure that transactions between funds are recorded as transfers in and out and that they are in balance at all times.

County's Response: County Clerk will prepare a separate spreadsheet where all transfers will be listed. This will allow the Clerk, Commission and Elected officials to be more diligent when submitting requests for payment of budgeted items verses transfers.

Auditor's Evaluation: The response is appropriate to correct the concern.

VERNON COUNTY, MISSOURI  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditors' follow-up on action taken by Vernon County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2011 and 2010.

1. The Reserve Fund and associated transactions are not included in the County's annual budget.

*Status:* Resolved.

2. The County did not exercise adequate budgetary control over funds which incurred expenditures in excess of the authorized budgeted levels, and didn't adopt a budget for one fund.

*Status:* Partially resolved. See Finding No. 1.

3. The County was unable to locate the procurement documentation in regards to selecting a car dealership from which to lease two sheriff patrol vehicles.

*Status:* Resolved.

4. Transfers were not always properly identified and in balance.

*Status:* Repeated. See Finding No. 2.

5. The Collector filed annual settlements later than the due date of the first Monday in March 2011 and 2012.

*Status:* Resolved.